

## OVERVIEW

This Report contains six chapters. The first and fourth chapter contains an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of PRIs and ULBs. The second and third chapter contains a Performance Audit on “Working of PRIs in Assam” and Compliance audit paragraphs of PRIs. The fifth and sixth chapter contains a Performance Audit on “Implementation of Swarna Jayanti Sahari Rojgar Yojana (SJSRY)” and Compliance audit paragraphs of ULBs. A synopsis of the findings is presented in this overview.

## Chapter-I

### An Overview of the Functioning of the PRIs in the State

PRDD could not fill up the vacant posts of PRIs in spite of approval given by the Finance Department.

*(Paragraph: 1.3.2)*

Government orders were issued for devolution in respect of only seven out of 23 notified subjects till March 2015. Further, ‘Activity Mapping’ in respect of remaining six subjects had not been completed (December 2015).

*(Paragraph: 1.3.3)*

DPCs failed to perform its primary objective of preparation of District Plan as envisaged in the AP Act, 1994.

*(Paragraph: 1.4.2.1)*

### Accountability Mechanism and Financial Reporting issues

5065 paragraphs with monetary value of ₹ 1363.35 crore were pending settlement (March 2015) for want of replies from the concerned PRIs.

*(Paragraph: 1.6)*

State Government was lagging behind in taking action on Social Audit (SA) reports and its follow up to comply with the Audit of Scheme Rules, 2011 (Social Audit).

*(Paragraph: 1.8)*

There was short collection of *kist* money of ₹ 5.53 crore in 21 PRIs.

*(Paragraph: 1.11.5)*

As against ₹ 2794.51 crore to be devolved for PRIs during 2010-11 to 2014-15, the State Government released only ₹ 872.53 crore.

*(Paragraph: 1.12.2)*

State Government released 13<sup>th</sup> FC grants to PRIs with an interest liability of ₹ 7.19 crore for 2014-15 alone, for delay in release of funds, which was almost equivalent to interest paid for the last four years.

*(Paragraph: 1.12.3.1)*

## Chapter-II

### Performance Audit of “Working of PRIs in Assam”

Although the State Legislature passed the Assam Panchayat Act, 1994, the GoA took almost nine years for issuing formal instructions for constitution of DPC.

*(Paragraph: 2.11.1)*

The mandatory allocation for agriculture and allied sectors was not made, resulting in lower availability of funds for increasing agricultural productivity.

*(Paragraph: 2.11.3)*

₹38.03 crore was incurred in implementing 1759 schemes. However, the implemented schemes had been taken up without consulting the concerned Gaon Panchayat and without being approved in Gaon Sabha Meetings.

*(Paragraph: 2.11.5.1)*

PRIs spent funds irrespective of approval of their budgets, resulting in incurring of unplanned expenditure and absence of monitoring and control over their sources of revenues.

*(Paragraph: 2.12.1)*

There was delay in release of fund by ZPs to Anchalik Panchayats (APs) and GPs, ranging from 12 days to 304 days and short release of funds to the tune of ₹299.12 lakh.

*(Paragraph: 2.12.2)*

Funds amounting to ₹467.23 lakh remain unutilised since 2011-12 and blocked for more than three years (from 2011-12 to 2014-15).

*(Paragraph: 2.12.4)*

In 28 out of 71 test checked PRIs, DDOs drew money amounting to ₹25.52 crore from bank accounts, through 1390 self-cheques, for cash payments to suppliers and contractors *etc.*

*(Paragraph: 2.12.7)*

Nagaon ZP suffered a loss of ₹2.52 crore as highest bid value offered by the bidders for lease of *Hats, Ghats* and Fisheries was not accepted.

*(Paragraph: 2.13.2.2)*

₹65.59 crore was spent by 15 PRIs under two schemes, but they failed to generate any revenue from it, as the completed projects were neither handed over nor leased out.

*(Paragraph: 2.13.5)*

₹6.38 crore incurred by 17 PRIs during the period 2010-15 was doubtful as basic provisions of scheme guidelines were not followed; evidence for execution of works was not furnished; materials procured without inviting tenders; stock registers not maintained; and evidence of distribution of materials not available.

*(Paragraph: 2.14.1)*

26 PRIs had incurred ₹338.49 lakh during 2011-15 without the approval of the competent authorities, resulting in unauthorised expenditure.

*(Paragraph: 2.14.3)*

15 PRIs executed 571 works during 2011-15 but the same remained incomplete, even after incurring an expenditure of ₹ 64.16 crore.

(Paragraph: 2.14.6.3)

## CHAPTER-III

### Compliance Audit of PRIs

An amount of ₹ 8.54 lakh was misappropriated by the Executive Officer, Birsing Jarua, Anchalik Panchayat by withdrawing the amount through self cheque without recording it in the Cash Book.

(Paragraph: 3.1)

An expenditure of ₹ 42.85 lakh incurred by the Executive Officer (EO), Ghilamara AP on eight plantation works under Mahatma Gandhi National Rural Employment Guarantee Act, (MGNREGA), was unfruitful as the works remained incomplete.

(Paragraph: 3.2)

Expenditure of ₹ 24.66 lakh on Protection work was unfruitful as the work remained incomplete and abandoned.

(Paragraph: 3.3)

Due to allowance of 10 *per cent* Contractor's profit in the estimate for the works executed departmentally, the Darrang Zilla Parishad incurred an avoidable extra expenditure of ₹ 43.72 lakh.

(Paragraph: 3.4)

Dhubri Zilla Parishad (ZP) failed to impose penalty as per agreement for delay in completion of the 89 works in Dhubri thereby extending undue financial benefit of ₹ 45.30 lakh to the contractor.

(Paragraph: 3.5)

Expenditure of ₹ 25 lakh on the construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful due to the estimate not being adhered to and the project not being monitored during execution.

(Paragraph: 3.6)

Undue financial benefit extended to lessees by PRIs by not enforcing the registration of lease deed while leasing out markets, fisheries *etc.*, resulted in loss of Government revenue of ₹ 61.20 lakh.

(Paragraph: 3.7)

## Chapter IV

### An Overview of the Functioning of the ULBs in the State

There were 94 ULBs in the State as on 31 March 2015 consisting of one MC, 34 Municipal Boards (MBs) and 59 Town Committees (TCs). ULBs falling under General Areas are

governed according to the provisions of the AM Act, 1956 and areas falling within the Sixth Schedule Areas were governed by the rules framed by the respective ADCs.

**(Paragraph: 4.1)**

Out of 18 subjects listed in the XII<sup>th</sup> Schedule only eight subjects are being transferred and implemented by the ULBs as on March 2015. In respect of GMC, out of 18 functions listed in the XII<sup>th</sup> Schedule, activities under four functions only were transferred to GMC as of March 2015.

**(Paragraph: 4.3.2)**

### **Accountability Mechanism and Financial Reporting issues**

DALF is the Primary Auditor to conduct the audit of ULBs of Assam. As of August 2015, there were arrears in audit of ULBs for the period 2010-15 which ranged between 28 and 66 per cent.

**(Paragraph: 4.5.1.1)**

1,533 paragraphs with monetary value of ₹401.16 crore were pending settlement (March 2015) for want of replies from concerned ULBs.

**(Paragraph: 4.6)**

The State Government lacked monitoring of own revenue resources of ULBs, as it could not provide consolidated figures of actual receipts in respect of own revenues of all the ULBs in Assam. Further, periodical reports/returns in respect of implementation of various schemes and other activities in the district were not submitted to higher authorities.

**(Paragraph: 4.10.2)**

Due to short release of ₹488.95 crore by GoA against ₹1117.71 crore to be devolved, the ULBs were unable to implement various welfare activities for the overall economic development.

**(Paragraph: 4.11.2)**

State Government had to release 13<sup>th</sup> FC grants to ULBs with an interest liability of ₹1.02 crore during 2010-15 due to tardy transfer of fund.

**(Paragraph: 4.11.3)**

Out of the total ULBs in Assam, 54, 53, 32 and 38 ULBs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. Further, four test checked ULBs had prepared the budget without taking into account, the past trend of receipt and expenditure, as a result of which estimated receipts were unduly inflated ranging from ₹30.88 lakh to ₹12.42 crore and estimate of expenditure were based on such inflated receipts.

**(Paragraph: 4.11.5)**

## Chapter-V

### Performance Audit of "Implementation of Swarna Jayanti Shahari Rojgar Yojana"

The Performance Audit of Swarna Jayanti Shahari Rojgar Yojana revealed that:

Proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes.

**(Paragraph: 5.7)**

State Urban Development Agency (SUDA)/Director of Municipal Administration (DMA) had irregularly retained ₹10.44 crore in their custody without allocating it to the Implementing Agencies (IA).

**(Paragraph: 5.8.2)**

ULBs failed to utilise the available funds of ₹140.29 crore leaving a balance of ₹59.48 crore resulting in physical targets remaining unachieved.

**(Paragraph: 5.8.3)**

SUDA furnished UCs to GoI for the entire GoI share of ₹129.88 crore by showing inflated expenditure amounting to ₹58.83 crore, though ULBs furnished UCs for ₹71.05 crore only against release of GoIs share of ₹125.29 crore.

**(Paragraph: 5.8.5.2)**

The ULBs could not achieve even 50 per cent of the targets under Urban Self Employment Programme (USEP) and Urban Women Self-help Programme (UWSP) component of the SJSRY indicating very poor physical performance by ULBs.

**(Paragraph: 5.9.1)**

Sixteen selected ULBs paid ₹697.87 lakh to 107 training institutions being full payment for providing training to 9401 beneficiaries under Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) without any placement. This was in violation of model agreement issued by the DMA to be executed between ULBs and the training institutions which stipulated that 20 per cent of the payment to the training institutions was to be made only after placement of all the training beneficiaries.

**(Paragraph: 5.9.4.1)**

Out of sixteen selected ULBs, twelve ULBs did not adhere to the prescribed material labour ratio of 60:40 while executing works under Urban Wage Employment Programme (UWEP) and excess material cost amounting to ₹84.82 lakh was incurred over the prescribed limit which led to less generation of 61,729 man days.

**(Paragraph: 5.9.5.1)**

Excess expenditure of ₹45.94 lakh was incurred by nine out of 16 test checked ULBs against execution of 137 works departmentally under UWEP as 10 per cent contractor's profit was not deducted from the bills.

**(Paragraph: 5.9.5.3)**

The poorest urban beneficiaries were not selected under USEP and STEP-UP as random survey conducted of 169 beneficiaries revealed that none of the beneficiaries fell under the top priority category. This indicated that the poorest urban beneficiaries were deprived of the benefits of SJSRY.

*(Paragraph: 5.9.7)*

## **Chapter-VI**

### **Compliance audit paragraphs of ULBs**

Diphu TC incurred an excess expenditure of ₹ 79.43 lakh due to cost overrun for delay in completion of work besides extending undue financial benefit to the contractor.

*(Paragraph: 6.1)*

Jorhat Municipal Board (JMB) suffered a loss of ₹ 24.92 lakh for not levying interest on mobilisation advance given to contractor besides extending undue financial benefit to the contractor to the extent of ₹ 51 lakh.

*(Paragraph: 6.2)*

Due to change of project site for construction of “Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam”, the GoI, rejected the project proposal which led to stagnation of work after incurring an expenditure of ₹ 3.10 crore.

*(Paragraph: 6.3)*

Jorhat Municipal Board (MB) injudiciously incurred an expenditure of ₹ 94.56 lakh on purchase of land for Solid Waste Management at Kakodunga.

*(Paragraph: 6.4)*